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DETERMINANTS FOR POST-PANDEMIC RECOVERY OF MACROECONOMIC STABILITY: EVIDENCE FROM EUROPEAN COUNTRIES

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ABSTRACT. The destructive consequences of the COVID-19 pandemic have negatively affected socioeconomic indicators and disrupted macroeconomic stability. The aim of the study is to determine the optimal combination of financial, socioeconomic, and public health determinants based on their relevance for the post-pandemic recovery of macroeconomic stability. For this purpose, principal component analysis was used to form an initial macroeconomic stability index by integrating such indicators as GDP growth, unemployment rate, consumer price index, current account balance, and trade volume. Next, the Granger test and panel data regression modeling was employed to identify the causality between the level of macroeconomic stability and a set of financial, socioeconomic and public health determinants. Finally, the financial, socioeconomic, and public health determinants were ranked according to their impact on macroeconomic stability. The obtained empirical results can be used to improve the financial, economic, and health care state policies in terms of strengthening country resistance to risks caused by a pandemic or other similar threats in the future.

Introduction

The problem of ensuring macroeconomic stability becomes especially urgent in terms of counteracting the threats caused by uncertainty and global turbulence. The negative synergy of the cross-border and cross-sectional transmission of destructive processes intensified during the outbreak of the COVID-19 pandemic, when challenges in the health care system forced government restrictions aimed at countering the spread of the coronavirus infection. These government interventions resulted in declining business activity, economic growth, and employment rates. Moreover, close international economic relationships contribute to the rapid spread of socioeconomic turbulence across different countries. Thus, the COVID-19 pandemic intensified the negative transmission effects in all spheres of social life and provoked the realisation of threats to the disruption of macroeconomic stability. As far as macroeconomic stability is one of the crucial measures of country prosperity, it is important to understand the range of factors affecting it. Clarification of drivers and inhibitors of macroeconomic stability is especially important in conditions, when the occurrence of crisis events and the scale of transmission of destructive shocks are rapidly increasing, as far as macroeconomic stability might be significantly harmed in short-term period. Considering that macroeconomic stability are dominantly rely on social and economic indicators, it is important to identify the socioeconomic determinants of ensuring macroeconomic stability. However, most economic processes are impossible without financial resources, it is important to understand to which extend macroeconomic stability depend on fiscal and financial determinants. Finally, dramatical socioeconomic consequences of the COVID-19 pandemic brought to the assumption that public health factors might also be relevant in terms of macroeconomic stability ensuring. Distinguishing the most relevant socioeconomic, financial and public health drivers and inhibitors of macroeconomic stability and ranking them based on their significance and influence on the performance indicator can serve as the grounds for determining specific state interventions for post-pandemic recovery and for developing a system of actions for preventing and countering similar threats in the future. Together, all of the above determines the relevance, purpose, and tasks of this research.

1. Literature review

The concept of macroeconomic stability has been studied in scientific literature from different perspectives. Scientists consider various parameters for quantifying the level of macroeconomic stability. However, the vast majority of researchers agree that the main indicators for measuring macroeconomic stability are the following:
- GDP growth (Gajdosova, 2023; Tkacova et al., 2023; Mahfoudh et al., 2024; Trusina, Jermolajeva, 2024);
- turnover, trade openness (Djouadi et al., 2024; Němečková, Hayat, 2022; Aleksandravičienė et al., 2024; Čermák, Ligocká, 2022);
- consumer price index (Tkacova et al., 2023; Mahfoudh et al., 2024);

– unemployment rate (Mahfoudh et al., 2024; Kuzior et al., 2023b; Tu et al., 2023);
– current account balance (Altayligil, Çetrez, 2020; Cetrez, Atayligil, 2022).

Scientists argued that macroeconomic stability depends on direct and indirect influence of numerous factors. Thus, researchers (Tiutiunyk et al., 2022; Kaddouri, Benelbar, 2024; Popescu et al., 2024; Tvaronavičienė et al., 2024; El Fallahi et al., 2023) note that economic stability depends on the size of shadow economy and the volume of foreign direct and portfolio investments; development of the digital segment of the investment capital market (Niftiyev, Kheyirkhabarli, 2024; Kuzior et al., 2023a; Fawaiq, 2024). In the conditions of the unfolding of the pandemic consequences, the provision of socioeconomic stability and sustainable economic growth significantly dependent on the intensity of digitalisation (Li, 2024; Liang, 2024; Lăzăroiu et al., 2024; Chao, Di, 2024; Dias et al., 2023; Kliuchnikava, 2022; Melnyk et al., 2019; Melnyk et al., 2023).

Fiscal determinants also play an essential role in ensuring the stability of the socioeconomic system. In particular, the sufficiency of tax revenues to fulfil the functions assigned to the state is considerably important (Zolkover et al., 2022). It is also worth noting that the efficiency of the accumulation of tax revenues and tax discipline determined by the institutional efficiency of the system, which is manifested both in the efficiency of tax administration and in the efficiency of the public administration system and governance quality (Lyeonov et al., 2021b; Vysochyna et al., 2023b; Souza, 2024; AL-Hashimi et al., 2023).

The economic system cannot function stably without sufficient volume of qualified labour resources to ensure operational and strategic production processes. That is why researchers emphasise the importance of human capital in ensuring macroeconomic stability (Djamal et al., 2023; Yehorova, Drozd, 2024; Ahmed, Akaak, 2024; Khalifa et al., 2023; Rózsa et al., 2022; Grenčíková et al., 2022; Bhandari, 2023).

In addition to the financial and socioeconomic determinants of ensuring macroeconomic stability, some researchers emphasise the need to strengthen the energy independence of the country, develop renewable energy sector, reduce the negative anthropogenic impact on the environment, and lower greenhouse gas emissions (Didenko et al., 2020; Didenko et al., 2021; Firstová, Vysochyna, 2024; Liang, 2024; Badreddine, Larbi Cherif, 2024; Yin et al., 2023; Saman, Pauna, 2023; Sedliačiková et al., 2023; Szczepańczyk, 2022; Spirkova et al., 2022; Irtyshcheva et al., 2022).

After the COVID-19 pandemic, research aimed at determining public health factors in ensuring macroeconomic stability, economic growth and sustainable development are in focus of scientific interest (Lyeonov et al., 2021a; Vysochyna et al., 2023a; Letunovska et al., 2021; Gheorghe, Panazan, 2024; Firstová, Vysochyna, 2024; Kuzior et al., 2022; Richardson, 2024; Jatav et al., 2023; Chater, Soussou, 2023). At the same time, the researchers confirm the importance of the financial capacity of the public health system and the efficiency of financial resources allocation for improvement of socioeconomic indicators. In addition to the financial efficiency of the health care system, researchers (Kolomiiets et al., 2023; Melnyk et al., 2023) note that the institutional capacity of the health care system indirectly determines the economic capacity and stability of the country. Improvement of macroeconomic stability ensured within the indirect increase of life expectancy and public health, and therefore the improvement of the quality of human resources is a fundamental determinant of ensuring the competitiveness of the state (Firstová, Vysochyna, 2024). It is notable that economic prosperity depends not only on individual financial, socioeconomic or public health determinants, but also on their synergy, explicit and latent interrelationships that arise between these parameters (Pozovna et al., 2023).

Thus, the impact of various factors on the integral level of macroeconomic stability and its perspectives has been confirmed by scientists, but there is a lack of comprehensive research

aimed at identifying the optimal combination of determinants in the context of ensuring the post-pandemic recovery of macroeconomic stability.

2. Methodology

The purpose of the study is to determine the optimal combination of financial, socioeconomic determinants and public health factors considering their relevance for the post-pandemic recovery of macroeconomic stability. The realisation of this objective involves the following tasks:

1) formation of an integral indicator of macroeconomic stability;
2) testing for causality between the level of macroeconomic stability and a set of financial, socioeconomic and public health determinants; elimination of the factors that do not Granger cause macroeconomic stability;
3) determining the strength and direction of influence of the relevant financial, socioeconomic and public health determinants on the level of macroeconomic stability;
4) ranking financial, socioeconomic determinants and public health factors according to the relevance of their impact on macroeconomic stability and determining the optimal combination of these determinants for post-pandemic recovery of macroeconomic stability and resistance to similar threats in the future.

As far as causal relationships between financial, socioeconomic, public health factors and macroeconomic stability might vary significantly in high, low- and middle-income countries, it is better to realise empirical research on the country sample with common trends of socioeconomic development. Considering the above, the country sample covers neighbouring countries of Central, Eastern and South-Eastern Europe with common trends of socioeconomic development and historical past. Country sample consists of 15 European countries – Albania, Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Moldova, Poland, Romania, Serbia, Slovakia, Slovenia, and Ukraine. The observation period is 2000-2022.

All data collected from the collection "World Development Indicators" of the World Bank group (World Bank DataBank, 2024).

2.1. Formation of an integral indicator of macroeconomic stability

The generalisation of scientific approaches proved that the leading economic indicators that determine macroeconomic stability are:

- GDP growth;
- unemployment rate;
- consumer price index;
- trade openness;
- current account balance.

The formation of the integral indicator of macroeconomic stability was carried out based on a complex combination of the principal components analysis and the Fishburn formula. The methodology of integrating socioeconomic indicators using the approaches mentioned above is described in detail in previous works (Vasylieva et al., 2022; Vysochyna et al., 2023; Firstová, Vysochyna, 2024; Badallaj, 2023). Before integration by additive convolution, all variables were brought to the comparable form within the normalisation procedure using natural normalisation and Savage normalisation. At the same time, GDP growth, the volume of trade

and the current account balance are drivers of macroeconomic stability, while the unemployment rate and the consumer price index are inhibitors.

2.2. Testing for causality between the level of macroeconomic stability and a set of financial, socioeconomic and public health determinants

Based on the results of the literature review, it was established that potentially relevant determinants of the volatility of the level of macroeconomic stability can be such financial parameters as:

– Foreign direct investment, net inflows (% of GDP);
– General government final consumption expenditure (% of GDP);
– Military expenditure (% of general government expenditure);
– Research and development expenditure (% of GDP);
– Tax revenue (% of GDP).

Among the socioeconomic factors that can affect the state of macroeconomic stability, the following are selected:

– Gross capital formation (% of GDP);
– New business density (new registrations per 1,000 people ages 15-64);
– Gini index;
– Total reserves in months of imports;
– Control of Corruption: Estimate;
– Political Stability and Absence of Violence/Terrorism: Estimate;
– Rule of Law: Estimate.

However, such public health determinants are tested for the causality with macroeconomic stability within this study:

– Domestic general government health expenditure (% of current health expenditure);
– Domestic private health expenditure (% of current health expenditure);
– External health expenditure (% of current health expenditure);
– Out-of-pocket expenditure (% of current health expenditure);
– Hospital beds (per 1,000 people).

Testing for the existence of the causality will be conducted using the Granger non-causality test for panel data using the function "xtgcause" developed for Stata software by Dumitrescu & Hurlin (2012). Taking into account the fact that a prerequisite for the adequacy of the Granger test according to this technique is the stationarity of the data series, the following tests will be performed to eliminate non-stationary series of variables: for balanced data without missing observations Levin–Lin–Chu test (Levin et al., 2002), for data series with missing observations – Im-Pesaran-Shin unit-root test (Im et al., 2003).

2.3. Identification of the strength and direction of influence of relevant determinants on macroeconomic stability

To determine the strength and direction of the influence of financial, socioeconomic and public health determinants on macroeconomic stability, a set of regression equations will be constructed. In each model, the macroeconomic stability index is a dependent variable, while each of the relevant financial, socioeconomic and public health determinants is an independent variable. Regression models will be specified only with those independent variables for which causality with macroeconomic stability is confirmed using the Granger non-causality test for panel data (Dumitrescu & Hurlin, 2012). In most cases, panel data regression model with

random effects is applied. Otherwise, panel data regression model with fixed effects is applied. Specification of the regression model identified with Hausman test. All computations are realised in Stata software (Stata, 2024).

2.4. Formalisation of the optimal combination of determinants that are drivers of post-pandemic recovery of macroeconomic stability

The optimal combination of financial, socioeconomic and public health determinants for post-pandemic recovery of the macroeconomic stability identified with consideration of regression modelling results.

3. Empirical results and discussion

3.1. Formation of an integral indicator of macroeconomic stability

The results of the principal component analysis for the formation of the integral indicator of macroeconomic stability are presented in Table 1.

Table 1. Results of the principal component analysis for construction of the integral indicator of macroeconomic stability

Principal component	Eigenvalue	Proportion	Cumulative
Principal component 1	1.748	0.349	0.349
Principal component 2	1.158	0.232	0.581
Principal component 3	1.022	0.204	0.785
Principal component 4	0.581	0.116	0.912
Principal component 5	0.492	0.098	1.000

Source: Authors' calculations in Stata 14.2/SE software (Stata, 2024)

According to the data presented in Table 1, it can be noted that the eigenvalues of the principal components #1–3, which together explain 78.5% of the total variation of variables, are sufficient to construct an integral indicator of macroeconomic stability.

Table 2 shows the results of determining the weighting coefficients for the integral indicator of macroeconomic stability.

Table 2. The results of determining the weighting coefficients of the components of macroeconomic stability

Variable	Eigenvalues (Principal Component 1)	Eigenvalues (Principal Component 2)	Eigenvalues (Principal Component 3)	Averaged eigenvalues	Rank	Weight
GDPg	0.242	0.599	0.598	0.4797	4	0.3077
Unempl	0.367	0.608	0.347	0.4407	3	0.2308
CPI	0.365	0.255	0.718	0.4460	3	0.2308
Trade	0.59	0.303	0.045	0.3127	1	0.0769
CAB	0.571	0.339	0.063	0.3243	2	0.1538

GDPg – GDP growth (annual %); Unempl – Unemployment, total (% of total labor force) (modeled ILO estimate); CPI – Inflation, consumer prices (annual %); Trade – volume of trade (% of GDP); CAB – Current account balance (% of GDP)
Source: Authors' calculations in Stata 14.2/SE software (Stata, 2024)

Considering data from Table 2, it can be noted that such indicators as unemployment rate and inflation have almost the same averaged eigenvalues. Therefore, according to the Fishburn approach, both variables are nominated by the same rank "3". The macroeconomic stability index is constructed with additive convolution of the multiplicators of the normalised values of the indicators and the weighting coefficients given in the Table 2. The dynamics of the macroeconomic stability index by 15 European countries during 2000–2022 are presented in Figure 1.
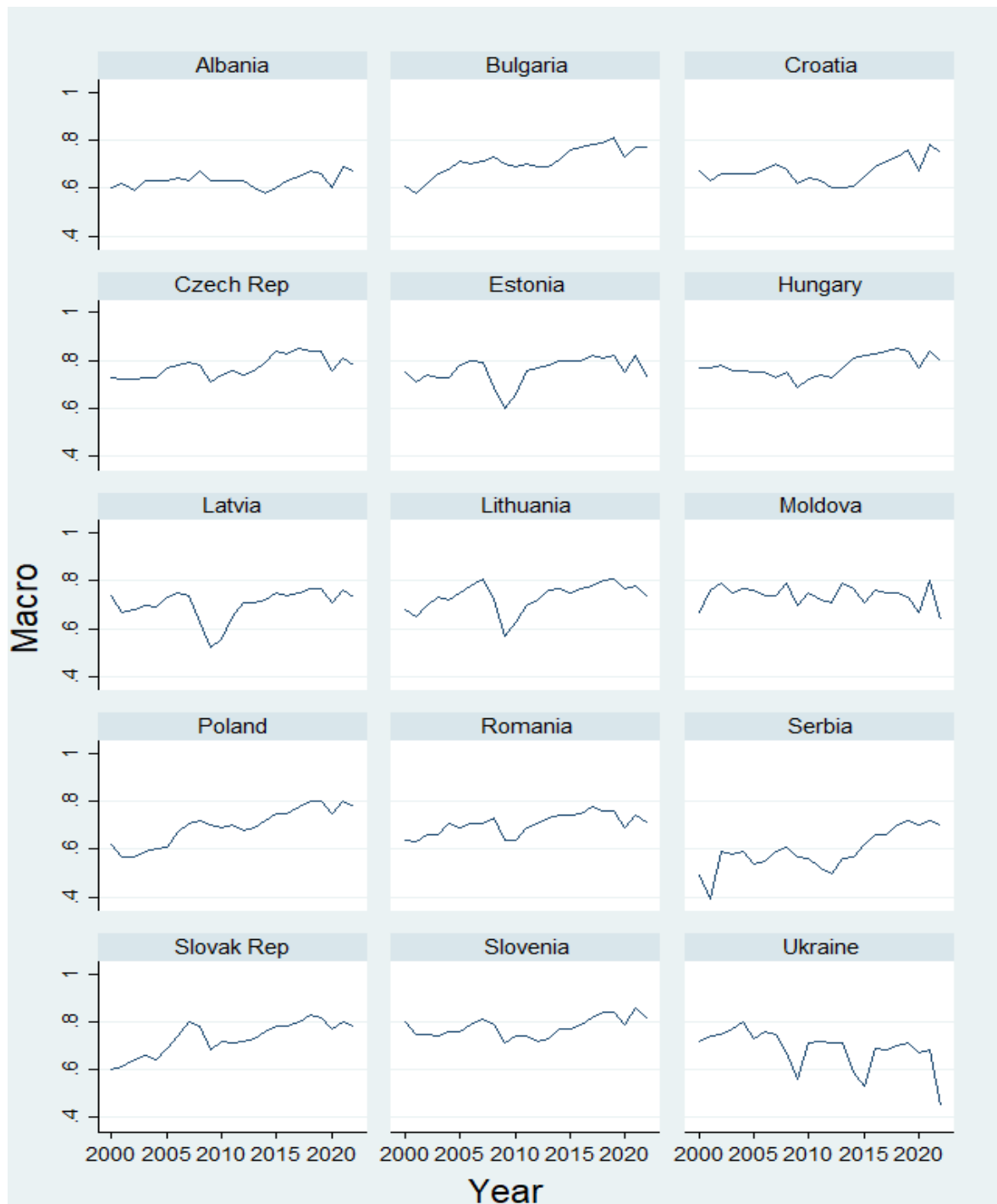

Figure 1. Dynamics of the Macroeconomic Stability Index for 15 European countries in 2000-2022
Source: Authors' calculations in Stata 14.2/SE software (Stata, 2024)

According to the results of the analysis, the average value of the integral indicator of macroeconomic stability across 15 European countries for the specified period is 0.713, while variation of the macroeconomic stability index belongs to the range [0.39; 0.86] with a maximum extremum of 1. Thus, it can be noted that a relatively high level of macroeconomic stability was recorded among the selected countries (individual countries use the available potential by 85%). Data shown in Figure 1 demonstrates that global turbulences such as the global financial crisis and the COVID-19 pandemic harmed macroeconomic stability. Furthermore, 2015 was also critical for Ukraine from the point of view of ensuring macroeconomic stability, in which the socioeconomic consequences of the annexation of Crimea and the military conflict in the east of Ukraine were fully reflected.

3.2. Testing for causality between the level of macroeconomic stability and a set of financial, socioeconomic and public health determinants

Levin-Lin-Chu test (Levin et al., 2002) and Im-Pesaran-Shin unit-root test (Im et al., 2003) allow to establish that the series for 5 variables out of 17 previously selected are non-stationary and have unit roots, namely:

- General government final consumption expenditure (% of GDP);
- Central government debt, total (% of GDP);
- External health expenditure (% of current health expenditure);
- Research and development expenditure (% of GDP);
- Control of Corruption: Estimate.

Thus, these variables are eliminated at this stage of the study and will not be tested for causality with the level of macroeconomic stability using the Granger non-causality test for panel data according to the methodology of Dumitrescu & Hurlin (2012). The test results for the remaining 14 financial, socioeconomic determinants and public health factors are summarised in Table 3.

Table 3. Results of Granger non-causality tests for panel data using the methodology developed by Dumitrescu & Hurlin (2012)

FDI → Macro	
$\bar{W} = 2.6854$	
$\bar{Z} = 4.6156$	(p-value = 0.0000)
$\tilde{Z} = 3.5067$	(p-value = 0.0005)
GCF → Macro	
$\bar{W} = 2.6854$	
$\bar{Z} = 4.6156$	(p-value = 0.0000)
$\tilde{Z} = 3.5067$	(p-value = 0.0005)
Density → Macro	
$\bar{W} = 2.7246$	
$\bar{Z} = 4.7231$	(p-value = 0.0000)
$\tilde{Z} = 3.5946$	(p-value = 0.0003)
Tax_rev → Macro	
$\bar{W} = 1.5087$	
$\bar{Z} = 1.3930$	(p-value = 0.1636)
$\tilde{Z} = 0.8746$	(p-value = 0.3818)
Ginny → Macro	
$\bar{W} = 2.7593$	
$\bar{Z} = 4.8180$	(p-value = 0.0000)

$\tilde{Z}$ = 3.6721	(p-value = 0.0002)
GovHE → Macro	
$\bar{W}$ = 0.7528	
$\bar{Z}$ = -0.6770	(p-value = 0.4984)
$\tilde{Z}$ = -0.8161	(p-value = 0.4144)
PrvHE → Macro	
$\bar{W}$ = 0.8804	
$\bar{Z}$ = -0.3276	(p-value = 0.7432)
$\tilde{Z}$ = -0.5308	(p-value = 0.5956)
OopHE → Macro	
$\bar{W}$ = 1.4156	
$\bar{Z}$ = 1.1381	(p-value = 0.2551)
$\tilde{Z}$ = 0.6664	(p-value = 0.5051)
Beds → Macro	
$\bar{W}$ = 2.2718	
$\bar{Z}$ = 3.4830	(p-value = 0.0005)
$\tilde{Z}$ = 2.5817	(p-value = 0.0098)
Mil → Macro	
$\bar{W}$ = 1.3703	
$\bar{Z}$ = 1.0140	(p-value = 0.3106)
$\tilde{Z}$ = 0.5651	(p-value = 0.5720)
PS → Macro	
$\bar{W}$ = 1.3012	
$\bar{Z}$ = 0.8250	(p-value = 0.4094)
$\tilde{Z}$ = 0.4107	(p-value = 0.6813)
RL → Macro	
$\bar{W}$ = 2.2387	
$\bar{Z}$ = 3.3924	(p-value = 0.0007)
$\tilde{Z}$ = 2.5076	(p-value = 0.0122)
Res → Macro	
$\bar{W}$ = 2.4331	
$\bar{Z}$ = 3.9247	(p-value = 0.0001)
$\tilde{Z}$ = 2.9424	(p-value = 0.0033)

FDI – Foreign direct investment, net inflows (% of GDP); GCF – General government final consumption expenditure (% of GDP); Density – New business density (new registrations per 1,000 people ages 15-64); Tax_rev – Tax revenue (% of GDP); Ginny – Gini index; GovHE – Domestic general government health expenditure (% of current health expenditure); PrvHE – Domestic private health expenditure (% of current health expenditure); OopHE – Out-of-pocket expenditure (% of current health expenditure); Beds – Hospital beds (per 1,000 people); Mil – Military expenditure (% of general government expenditure); PS – Political Stability and Absence of Violence/Terrorism: Estimate; RL – Rule of Law: Estimate; Res – Total reserves in months of imports; Macro – Macroeconomic Stability Index.
Source: Authors' calculations in Stata 14.2/SE software (Stata, 2024)

According to the testing results, the null hypothesis "H0: variable does not Granger-cause macroeconomic stability" is confirmed for such determinants as:
- − Tax revenue (% of GDP);
- − Political Stability and Absence of Violence/Terrorism: Estimate;
- − Military expenditure (% of general government expenditure);

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- Domestic general government health expenditure (% of current health expenditure);
- Domestic private health expenditure (% of current health expenditure);
- Out-of-pocket expenditure (% of current health expenditure).

The determinants mentioned above do not cause a change in the level of macroeconomic stability in the studied countries, so they were eliminated from the further stages of the study. Causality was confirmed for the remaining variables.

3.3. Identification of the strength and direction of influence of relevant determinants on macroeconomic stability

The results of regression modelling are summarised in Table 4.

Table 4. Regression modelling results on the impact of financial, socioeconomic and public health determinants on macroeconomic stability in 15 European countries for 2000-2022

Macro	Coef.	St. Err.	t-value	p-value
FDI[*]	.001	.0005	1.98	.05
GCF	.002	.001	3.39	.001
Density	.005	.001	3.69	0
Ginny	-.005	.001	-4.83	0
Beds	-.012	.005	-2.56	.01
RL	.074	.012	6.38	0
Res	.009	.002	4.58	0

All variables statistically significant at 0.05 level; * - fixed effects regression model is used for identifying the impact of FDI on macroeconomic stability; for remaining variables, random effects model is applied (based on Hausman test results).
Source: Authors' calculations in Stata 14.2/SE software (Stata, 2024)

Table 4 presents the results of the quantitative evaluation of our scientific hypothesis that was made to understand how financial, socioeconomic and public health determinants influence macroeconomic stability.

Based on the modelling results, the following conclusions can be drawn:
- a 1% increase in foreign direct investment, net inflows (% of GDP) allows to increase the level of macroeconomic stability by 0.001 units;
- a 1% increase in Gross capital formation (% of GDP) causes an increase in the performance indicator by 0.002 units;
- growth by 1 unit in New business density registrations per 1,000 people ages 15-64 helps increase the integral level of macroeconomic stability by 0.005 units;
- increase by 1 unit of the estimation of the rule of law leads to an increase in the performance indicator by 0.074 units;
- increase by 1 unit of reserves in the months of import contributes to the growth of the level of macroeconomic stability by 0.009 units;
- increase by 1 unit of the Gini index and the number of beds, on the contrary, leads to a decrease in macroeconomic stability by 0.005 units and 0.012 units, respectively.

3.4. Formalisation of the optimal combination of determinants that are drivers of post-pandemic recovery of macroeconomic stability

So, according to the modelling results, it was established that macroeconomic stability in the 15 European countries mostly dependent on 5 drivers (Figure 2) and 2 inhibitors. In particular, the growth of the integral level of macroeconomic stability by 81.31% is determined by the growth of the rule of law, by 9.9% by the increase in the reserves in the months of imports, by 5.5% by the growth of newly registered businesses per 1,000 people, by 2.19% by the increase in gross capital formation and by 1.09% by the increase in the net inflow of the foreign direct investments.

In turn, macroeconomic stability is inhibited by 70.6% increase in the number of hospital beds, and by 29.4% increase in the Gini index.
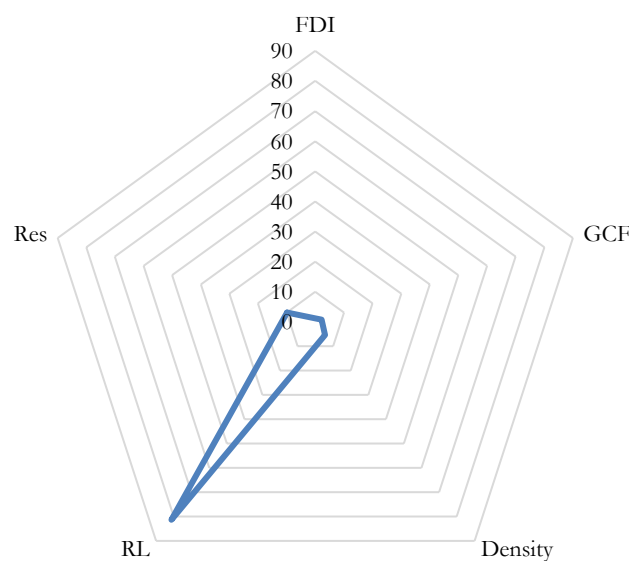
Figure 2. Optimal combination of determinants for macroeconomic stability post-pandemic recovery
Source: Authors' calculations

4. Conclusion

According to the generalisation the previously realised scientific results, it was determined that GDP growth, unemployment rate, consumer price index, trade openness, current account balance are the most commonly used quantitative measures of macroeconomic stability. Integration of these indicators using the principal component analysis and the Fishburn formula helped to develop macroeconomic stability index. Averaged value of the Index for 15 European countries within 2000-2022, is 0.713, while the minimum recorded value of the indicator was 0.39, and the maximum was 0.86. It is worth noting that during periods of global turbulence, such as the financial crisis or the coronavirus pandemic, the integral level of macroeconomic stability decreases in all countries.

To determine the causality between the level of macroeconomic stability and a set of financial, socioeconomic and public health determinants, 17 indicators were primarily selected. Their influence on the performance indicator was tested using the Granger non-causality test for panel data according to the methodology developed by Dumitrescu & Hurlin (2012). It is

worth noting that out of 17 primary indicators, five were eliminated based on the results of stationarity testing, and six determinants were eliminated because of non-causality hypothesis confirmation. Thus, among the set of initially selected parameters, the positive impact on macroeconomic stability of such indicators as the inflow of foreign direct investments, the growth of gross capital formation, the increase in the density of newly created businesses, the strengthening of the rule of law and the growth of reserves in the months of imports was confirmed. At the same time, the rule of law is the most crucial driver of the growth of the integral level of macroeconomic stability. On the other hand, the growth of the number of hospital beds and the increase of the Gini index are the relevant inhibitors of macroeconomic stability, which structurally determine the reduction of the performance indicator by 70.6% and 29.4%, respectively.

As the growth of the macroeconomic stability by 81.31% is determined by the growth of the rule of law, it is necessary to improve performance of the regulatory framework, continue strengthening democratic values and ensure human rights, promote equality and respect to dignity, ensure protection of basic civil rights, etc. Since most of countries of the geographic sample are in progress on promoting democratic values and establishing civil society, it is necessary to adopt regulatory framework in these countries to the benchmark models. These measures might consider improvements of government effectiveness and accountability, implementation of the strong anti-corruption initiatives, ensure equal rights and protection for citizens and economic agents, development of free market and trade policy liberalization, creating economic environment attractive for investors. As it can be seen, rule of law is a complex concept that my perform in different perspectives. As far as almost 10% contribution to the macroeconomic stability in 15 Europeans countries are ensured by the increase in the reserves in the months of imports, policymakers might consider the necessity to have some reserves to resist global turbulences. Promotion of entrepreneurial development ensure 5% contribution to macroeconomic stability growth. Therefore, it is necessary to create favourable economic conditions for business development. The set of regulatory measures within this perspective might include weakening of tax burden and bureaucracy burden, promotion of lending capital market development, improvement of investors' rights protection, establishing dialogue between business and governors, development of e-government and expansion of digital provision of public services. All the mentioned above measures might help both to increase in gross capital formation and attract foreign direct investments, which, in turn, promote additional contribution in macroeconomic stability.

As for policy interventions focused on eliminating the inhibiting impact of determinants on macroeconomic stability in studied countries, there might be step-by-step policy of elimination income inequality via supporting decent labour conditions and remuneration. Inhibiting impact of the hospital beds growth on macroeconomic stability brought to the conclusion about necessity of medical care capacity optimisation. This process might consider comprehensive audit of the medical capacity performance and optimisation of the health care capacity usage through elimination of the excessive staff and medical infrastructure, improvement productivity of the exploitation of medical equipment and financial resources.

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